



U.S. Department of State FY 2000 Country Commercial Guide: Suriname

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TABLE OF CONTENTS

| | |
|--------------|---|
| Chapter I | Executive Summary |
| Chapter II | Economic Trends and Outlook |
| Chapter III | Political Environment |
| Chapter IV | Marketing US Products and Services |
| Chapter V | Leading Sectors for US Exports and Investment |
| Chapter VI | Trade Regulations and Standards |
| Chapter VII | Trade & Project Financing |
| Chapter VIII | Investment Climate |
| Chapter IX | Business Travel |
| Chapter X | Appendices |

Chapter I. Executive Summary

This Country Commercial Guide (CCG) presents a comprehensive look at Suriname's commercial environment, using political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the US business community. Country Commercial Guides are prepared annually by US Embassies through the combined efforts of several US Government Agencies.

Suriname is a natural resource-wealthy country, covering an area slightly larger than the state of Georgia, of which 90 percent is rain forest. Its 400,000 plus people are of mainly East Indian, African, Indonesian, Chinese, and European descent. Imports account for more than 80 percent of consumption in Suriname and come mostly from Europe and North America. The United States is Suriname's most important trading partner. In 1998, U.S. exports to Suriname totaled USD 129.9 million.

Products from the U.S. and the Caribbean Region -- especially consumer goods and foodstuffs -- are gradually replacing traditional imports from Europe; a trend which is expected to continue as a result of Suriname's entry into CARICOM and expressed desire to integrate more closely regionally. Foreign competition comes from European exporters -- largely Dutch firms -- a few Asian suppliers, and, increasingly, exporters from the Region: mostly Trinidad and Tobago, but also Brazil.

The reopening of the interior in 1992 (after a period of armed insurrection) presents a number of opportunities for natural resource development. Though the Government has granted a large number of gold and timber concessions to businesses and speculators, the natural resource sector remains under-developed. Current opportunities include: oil, gold, kaolin, and building/decorative stone mining; wood harvesting and processing; limited eco-tourism; shrimp, fishing, rice, bananas, and other agriculture.

A number of risks, however, remain. New laws to modernize Suriname's financial and business sectors have been proposed, but are not yet enacted. In the interim, many regulations and business norms taken for granted in the U.S. are not in place, or not enforced. Favoritism, especially for the political/ethnic/business elite, remains common in business and government. Most foreign businesses working in Suriname rely on a prominent local business partner to maneuver through numerous trade and investment rules. Persisting shortages of foreign exchange

occasionally distort the business environment, exacerbating international transfers. The banking and financial sectors remain rudimentary in many respects, with the number of transactions occurring on the foreign currency parallel market increasing over the last year. Licensing requirements remain cumbersome, but the government has announced plans to liberalize the process this September. Finally, bureaucratic delays and red tape are a constant irritation to foreign investors.

It should be noted that tension between the political opposition and ruling coalition has recently led to a political impasse in Suriname. Currently, the political opposition has united with organized labor and a prominent business association to demand that the Government resign. While the opposition generated large crowds in support of its protest actions, in May all activities were decidedly non-violent. The President has recently begun a series of "consultations," with various elements of Surinamese society, aimed at finding a solution to the present situation. Elections in 2000, a year early, are expected.

Country Commercial Guides are available on the National Trade Data Bank, on CD-ROM, or through the Internet. To locate Country Commercial Guides via the Internet, please use the following World Wide Web address; www.stat-usa.gov. Country Commercial Guides can also be ordered in hard copy or on diskette from the National Technical Information Service (NTISS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD(E) or by fax at (202) 482-4473.

CHAPTER II: ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook

Suriname experienced considerable economic volatility in the early '90s, especially in terms of exchange rates and price levels. In 1992, the government initiated a Structural Adjustment Program (SAP) that was designed by a private consultant group. The SAP reforms included improved tax collection, a unified exchange rate, and the elimination of some government subsidies. These reforms were largely credited with reducing inflation from over 400 percent annually in 1994 to less than one percent in 1996.

Critics complain, however, that the SAP never implemented the most difficult and necessary reforms: reducing the size of the civil service, privatizing parastatals, and eliminating the most expensive subsidies. The current government, which took office in September of 1996, abandoned the SAP shortly after taking office and announced plans to replace it with a National Reconstruction Plan. The GOS has yet to specify what the National Reconstruction Plan consists of.

In the absence of a clear economic policy, Suriname has experienced increased price and exchange rate volatility over the last eighteen months. In fall 1998 the exchange rate, which had been unified under the SAP, separated into multiple rates leading to a 40% currency devaluation in January of 1999. Inflation has been rampant, increasing by 9% each month, reaching 20.9% as of May 1999, according to the Government Statistics Bureau. Though government revenues have been adversely effected by falling international commodity prices, the Wijdenbosch Administration has expanded public spending in the form of large infrastructure projects: bridges and public housing.

A new investment code, mining law, minerals code, petroleum law, and Intellectual Property Rights (IPR) law are still awaiting submission to the National Assembly due to the political impasse. However, the new laws do have influential supporters within business and political circles.

Principal growth sectors

The bauxite mining and refining sector has been the backbone of the Surinamese economy for much of this century and continues to provide over seventy percent of official export revenue. As current mining areas are exhausted over the next ten years, the two bauxite companies (Billiton and Suralco) may decide to exploit large, but relatively low

quality bauxite reserves in Western Suriname. This would require, however, major investments in infrastructure and equipment from both the bauxite companies and the GOS.

Natural resource development is a promising growth area. Foreign companies, often under joint venture agreements with Surinamese firms, have made new investments in gold mining, oil and wood harvesting and processing. Currently, American and Canadian firms have explored large gold mining concessions in Suriname and are prepared to negotiate exploitation permits once the international price of gold increases. Two American oil companies have been granted concessions for on-and offshore fields. They are each in the final stages of negotiations on cost-sharing agreements. Once concluded they can proceed to further exploration and hopefully exploitation of anticipated oil reserves. Surinamese companies are also investing in small-scale eco-tourism, an industry whose growth has been inhibited by Suriname's lack of infrastructure. The Government of Suriname has recently started projects with the Inter-American Institute for Coordination of Agriculture (IICA), the World Health Organization (WHO), and the Pan-American Health Organization (PAHO) with the goal of increasing exports of beef, bananas, flowers, and fresh vegetables to the CARICOM (Caribbean Common Market) and EU markets.

Government's role in the economy

Despite some structural reform, the government still dominates many aspects of Suriname's economy. Over half of the work force is on the government payroll, directly or through government-owned companies. The government also intervenes extensively in the economy through a complicated system of import and export licenses.

A coalition government governs Suriname. The leading political party, the National Democratic Party (NDP), largely dominates the ruling coalition, but there still exists a need to reach consensus with coalition partners on important decisions. This naturally slows the decision making process and often retards development projects.

Balance of Payments Situation

Because of bauxite exports and Suriname's large aid grants from the Netherlands, Belgium, and the EU, Suriname does not have chronic current account problems with its balance of payments. Suriname had a current account surplus of USD 66 million in 1996 and USD 25 million in 1997, though a deficit was recorded for 1998.

Beginning in the fall of 1998, Suriname's exchange rate separated into four distinct rates: the official rate Surinamese Guilders (SF) approx. 867 per dollar, the intervention rate SF 1040 per dollar, the bank rate SF 1450 per dollar, and the black market rate which is close to the bank rate. Only the GOS and politically connected businesses have access to foreign exchange at the first two rates. Banks and legal exchange shops sell foreign currency at the third rate, but all use unpublished waiting lists to decide who gets foreign currency when it does become available. Scarce supply of foreign exchange in 1998 forced many Surinamese to turn to the black market for their foreign exchange needs, but January 1999's devaluation has since significantly weakened the parallel market.

Suriname's external debt, which has been historically low, has increased significantly in the last year and a half. The IMF lists its foreign debt at 175 million, though the political opposition claims the amount is actually much higher. The largest debt holders include Brazil and China.

Infrastructure Situation

Suriname has historically lacked infrastructure in its interior. What basic infrastructure there is, roads, an international airport, and ports, are on Suriname's narrow coastal plain. In 1975, when Suriname gained independence, this modest inheritance was in good condition. A cutoff of Dutch economic assistance (Suriname's former colonial power and primary bilateral donor) in 1982, and an insurgency in the interior from 1986 to 1992 resulted in considerable deterioration.

Since 1992, the government has taken some steps toward repairing and restoring the infrastructure, but the streets of Paramaribo and the principal interior roads still reflect varying degrees of deterioration. In June 1999 the government opened the first of two new bridges which will connect the country from East to West along the coast. The vast majority of the country remains only accessible by plane or river. New improvement projects are stalled by Dutch development aid allocations being suspended in November 1997.

Still, the Paramaribo telephone system is good, and the state-owned telephone company is expanding and improving coverage to other sections of Suriname. An increase in cellular phone usage has been especially good for the interior where most of the mining takes place. The Paramaribo water system delivers an acceptable quality of potable water, but water shortages occur in some areas

during the dry seasons and the system is overdue for rehabilitation. Electricity supplies are generally reliable, though power failures still occur.

Chapter III: Political Environment

Nature of Political Relations with the United States

The US maintains close and cooperative bilateral relations with Suriname. US investors, primarily the American Aluminum Company (Alcoa), have a long history of involvement in Suriname, which dates back to the early part of this century.

Major Political Issues Affecting Business Climate

The present government has repeatedly expressed its desire to create the necessary laws to attract foreign and especially US investment. Important elements of this plan to attract investment and business include an investment law, a mining and minerals code, and laws to modernize the financial system. These laws would have a positive impact on the business climate, but the Wijdenbosch Administration has made little progress in its first two years in office.

Political System

Suriname was democratically governed after its independence from the Netherlands in 1975. A coup in 1980 installed a military government that ruled until 1987, when democratic elections were held. The previous government was elected in 1991 to replace a military regime installed in a bloodless coup on December 24, 1990. Its five-year term expired in 1996. Elections were then held resulting in the first peaceful exchange of power in accordance with Suriname's constitution since independence.

Suriname is a democracy governed by a president, assisted by vice president and cabinet ministers. The National Assembly (parliament) is the highest authority in the land. There is an independent court system that is currently hampered by political turmoil and conflict over constitutional issues arising from the President's recent appointment of five new judges. The judiciary has a significant shortage of judges.

President Jules Wijdenbosch has come under heavy criticism in the past few months. Mass street demonstrations by opposition parties, labor unions and the business community against the President's economic policy resulted in the passage of a no-confidence motion in June 1999. In response, Wijdenbosch proposed that elections be held in May 2000, a year before the next scheduled elections. National Assembly members are currently discussing the procedures to shorten their terms.

There are currently thirteen political groups in the National Assembly, eight of which are single-seat parties. Most parties are formulated along ethnic lines. Due to

internal party disputes several assembly members broke away and established single-seat fractions leaving the governing coalition with five partners: the NDP, a largely Creole and nationalistic party of former military strongman Desi Bouterse, still holds sixteen seats in parliament; KTPI, a predominantly Javanese pro-agriculture party, has four seats; BVD, a Hindustani pro-business party, joined with two of its members who broke away from their parent organization; Pendawalima, a rural-oriented Javanese party who joined the coalition with two out of four members in parliament; and the single-seat OPDA. The Coalition's majority is shaky, fluctuating between 23 and 26 seats in the 51-seat National Assembly.

The President still belongs to the NDP despite his severe differences of opinion with NDP Chairman Desi Bouterse who was fired by Wijdenbosch as First Advisor of State. Despite its recent problems, the Wijdenbosch Government has strengthened the office of the President, and executed the presidential power within the framework of the Constitution.

Suriname's previous government moved effectively to establish civilian control of the military. The present government has worked to improve military training, living standards, and to decrease the over-strength officer's corps. Limited military cooperation with the United States has increased, and the US has sponsored a number of military programs, such as human rights seminars, malaria spraying, and donation of excess medical supplies. In early 1996 the National Assembly passed a law which outlined the legal position and duties of the military.

CHAPTER IV: Marketing US Products and Services

Distribution and Sales Channels

The Surinamese Chamber of Commerce can help locate local distributors. A local distributor remains the best means

to enter the Surinamese market. As the market is relatively small, most foreign exporters resort to building relationships with retail firms rather than establishing a distribution system.

Use of Agents/Distributors - Finding a Partner

US businesses should contact the following: The Surinamese Chamber of Commerce (MR. J.C. de Mirandastraat 10, Tel (597) 464-536, fax (597) 474-779), The Surinamese Trade and Industry Organization (VSB) (Prins Hendrikstraat 18, Tel (597) 475-286, fax (597) 475-287), The Surinamese Association of Manufacturers (ASFA) 50 Wagenwegstraat, Tel (597) 476585, and the US Embassy (Dr. Sophie Redmonstraat 129, Tel (597) 472-900, fax (597) 410-025.

Franchising

US franchising has had early success since starting in Suriname in the Fall of 1996. From the first US franchise, Kentucky Fried Chicken, which opened in Paramaribo in 1996, the market is additionally serviced by a Pizza Hut, a MacDonald's, and an additional Kentucky Fried Chicken location. Based on this success, other businessmen have expressed interest in franchising, including Popeye's Chicken, which is expected to open soon.

Direct Marketing

This marketing technique is unknown in Suriname.

Joint Ventures/Licensing

Joint ventures with foreign companies and production under license are permitted under Surinamese law, and are now being encouraged by the current government. There are several operations of both types in Suriname, and there is increasing interest by local entrepreneurs in manufacturing licensing arrangements. The license process is currently slow and cumbersome. The expected investment law would greatly expedite the process, but in the meantime the government is attempting to expedite the process. License applications can be obtained at the Surinamese Chamber of Commerce, or at the Surinamese Ministry of Trade and Industry. Additional information is also available at the US Embassy.

Advertising and Trade Promotion

Surinamese advertising is direct and inexpensive. There are two daily newspapers, De Ware Tijd and De West, both Dutch-language. There are a number of AM and FM radio stations

and five television stations. All accept commercial advertising. In addition, there are several advertising agencies. There are two annual trade fairs of significance, ITIFAS (a showcase for Surinamese producers) held in October and Suri-Flora (a horticultural/agricultural exhibition) held in the end of April. The local Chamber of Commerce is interested in expanding both the size and number of local trade-shows. Both shows have grown considerably over the last two years. Companies interested in these fairs should contact the Embassy or Mr. Robert Ameeralli, President of the Surinamese Chamber of Commerce and Industry (Tel (597) 464-536, fax (597) 474-779) or the Embassy for further information.

Print Media Listings

De Ware Tijd
Truus Langguth
Advertising
P.o. Box 1200
Paramaribo, Suriname
Tel (597) 472-833; Fax (597) 411-169

De West
T. Findlay
Chief, Advertising Department
Mr. Dr. J.C. de Mirandastraat 2-6
Paramaribo, Suriname
Tel (597) 473-338; Fax (597) 470-322

Pricing Product

Price controls remain on a variety of consumption goods, but are poorly enforced. There is a law requiring retail prices to be quoted in Surinamese guilders, but this is widely ignored.

Selling to the Government

There is no government procurement system. Surinamese government-contracting regulations, called the "Algemene Bepaling van Suriname" (General Guidelines for Suriname-ABS) cover contract work and services. Government procurement of goods, equipment and supplies, however, is not subject to regulation, and procedures are often irregular. Many large-scale government contracts are funded by aid grants, which restrict competition from outside bidders.

Potential government-contract bidders must be licensed to operate a business in Suriname. Since only a Surinamese national can acquire a business license, foreign companies

usually form partnerships with licensed local firms to bid on government contracts.

Protecting Your Product from IPR Infringement

Suriname is a party to the Paris Convention and the Berne Convention. Trademarks receive adequate protection but otherwise there is generally little protection against IPR infringement. There is piracy of television programs, videos and music. Though the government of Suriname has expressed interest in pursuing adoption of adequate IPR protection rules, the number of other issues pending consideration make early progress doubtful.

Need for a local attorney

In general, routine export transactions should not require an attorney. However, for contract negotiations or dispute settlements, it may be wise to retain a local attorney, since Surinamese law is based on the Napoleonic Code and differs substantially from US Common Law.

Chapter V: Leading Sectors for US Exports and Investment

Best Prospects for Non-Agricultural Goods and Services

Automotive parts/service equipment (aps)

There are a number of vehicle repair shops and garages. Spare parts can be difficult to obtain. Nonetheless, Surinamers prefer repairs, even for major problems, to purchasing new vehicles. Automotive accessories (hs heading 8701 -8705) are also very popular. Spare and replacement parts for machines have been the largest category of US manufactured goods exported to Suriname in the last three years. Machine tools and engine parts are also promising sectors.

Autos/light trucks/vans (aut)

New and used automobiles and trucks are imported into Suriname from Europe, Brazil and the US. There is a thriving market for compact and sub-compact cars, four-wheel drive utility vehicles, sport trucks, and pick-ups. Toyota, Nissan, Daewoo and Isuzu all have full-service dealerships, and there is a General Motors agent, but demand still seems unsatisfied. Suriname's weak infrastructure results in the need to repair/replace autos relatively frequently.

Trucks, trailers/buses(trk)

Suriname imports most small and medium-sized trucks from Japan and Europe, but US truck imports were approximately USD 3 million in 1997, which was almost three times as much as 1995. Because of the tropical climate and poorly maintained roads, trucks need to be replaced more often than in the US. The Surinamese government suffers from a lack of proper public-works maintenance equipment, trucks, and public buses. With increases in government revenue from improved taxation and international aid flows, coupled with a number of aid-sponsored public works projects in the pipeline, a number of transport vehicle contracts are expected. With the rebuilding of Suriname's interior and expanding activities in the mining and timber sectors, demand for heavy equipment will grow, especially for bulldozers and trucks.

Telecommunications (Tel, tes)

Suriname's telecommunications market was previously dominated by Suriname's State-owned company, Telesur, but starting in the Fall of 1997 private companies have been allowed access to the market. Cellular phone services,

international callback services, satellite television and communication service suppliers may find eager markets. Suriname has a steadily increasing demand for computers, computer supplies and telecommunications equipment.

Agricultural machinery and equipment (agm)

Agricultural machinery, especially for Suriname's rice sector, is always in demand. Suriname's banana and vegetable sectors are also possible markets. With greater emphasis on improving agricultural exports over the coming years, the market for farm machinery, in particular backhoes, tractors, light trucks and processing equipment, is expected to expand.

Mining equipment (min)

Bauxite: the continued importance of bauxite in Suriname's economy means there is a constant need for heavy equipment in this industry. After a number of years of limited repairs and improvements due to unfavorable foreign-exchange rates, the bauxite industry has begun to invest in upgrading plant and equipment. Extraction /refining supplies will continue to be in high demand.

Gold: long attractive to small prospectors, the gold sector is now attracting international attention. The Canadian firms Golden Star and Cambior (in partnership with the state-owned mining firm Garassalco) recently announced plans to begin mining in the area near the Brokopondo Dam. The Canadian firm Canarc (also in partnership Garassalco) is conducting exploration on a 138,000-hectare concession in the Benzdorp region. The anticipated need for gold-mining equipment and supplies may be a window of opportunity. In addition, as the Surinamese government begins to regulate the small-pro prospector sector, opportunities for small-scale, environmentally friendly mining are emerging.

Construction equipment (con)

Higher government revenues from improved taxation and international development aid have resulted in a number of public-works projects, such as renovation of the airports. In addition, Suriname is experiencing a residential and commercial property boom, with a number of large houses and offices under construction. Given the tropical climate and the fact that most buildings in central Paramaribo date back to the colonial period, repair/restoration work is constant. Business opportunities may exist for suppliers of many types of construction materials and equipment.

Best Prospects for Agricultural Products

Processed foods (fod)

Surinamese consumers have Western tastes and the demand for processed foods has remained steady over the past few years. Most processed foods are imported from the Netherlands and Europe, and are often expensive and close to the expiration date. Producers of quality, moderately priced canned goods, cookies, snacks, and frozen foods may find a ready market for their products. A local importer is successfully distributing American ice cream.

Caribbean GSM-102 program

As of July 1995, Suriname became eligible under the USD 70 million Eastern Caribbean Regional program for the US Department of Agriculture's Commodity Credit Corporation Export-credit Financing Program (GSM-102). Approved commodities are dairy products (non-fat or whole milk powder), barley malt, feed grains, oilseeds, poultry breeder stock, protein meals, pulses, rice, vegetable oils, wheat, wood and wood products, tallow, lard and 100 percent cotton yarn and fabrics. The Surinamese importer is required to open a letter of credit with an approved Caribbean Bank. For additional information on the GSM-102 program, please contact the Foreign Agricultural Service, (202) 720-3224, Internet, <http://www.usda.gov/fas>, or the US Embassy.

Best Prospects for Investment

Eco-tourism (tra)

Eco-tourism is a growing industry and the government is actively pursuing development of this sector. Most of Suriname's vast rain forest remains untouched and damage to tourist sites due to the interior insurrection of the late eighties is slowly being repaired. Suriname offers eco-tourists opportunities for white-water boating, photography, bird watching, fishing, nature hikes, and experience with Maroons (African village society descended from escaped slaves) and Amerindian cultures. Suriname presents excellent opportunities for tourism-development specialists, marketing and advertising specialists, and joint-venture possibilities in rehabilitating old eco-tourism sites, or establishing new ones.

Sustainable wood harvesting/wood finishing (for)

Suriname's abundant rain forest contains many valuable tree species. The government recently denied large-scale timber

harvesting proposals from large Asian companies. However, the government has indicated that it would favorably consider proposals from environmentally responsible logging companies.

Data processing and automation (csv)

Suriname's relatively low wages, fairly good English language skills, and high level of basic education could provide an attractive workforce for a company seeking to provide basic data-entry, computer processing, and information management services.

Kaolin production

Kaolin deposits have been exposed in the old bauxite mining areas and may present an investment possibility for kaolin extractors and refiners. Kaolin is used most in the fabrication and production of ceramics, rubber, plastics, paper and cosmetics.

Granite mining

There has been some development of Suriname's granite sector in recent years, but accessibility remains inhibiting. Surinamese granite is of good quality, and may be suitable for decorative work. While development of this sector is still in its infancy, the Surinamese government has expressed a willingness to consider granting granite concessions to foreign firms. Site developers as well as granite-mining equipment suppliers may find opportunities in this field.

Agro-industry/fisheries

The government is interested in promoting the expansion of animal husbandry with the goal of capturing the CARICOM market. Vegetables have also been identified as an opportunity area for export to CARICOM. Additionally, Suriname's coastal agricultural areas may provide opportunities for agribusiness investments such as rice, bananas, palm oil, and other fruits. Suriname's wild-harvested shrimp are exported primarily to Japan with some going to the US. Opportunities currently exist for fresh catch seafood and aquiculture.

Homeopathic remedies (drg)

Suriname's rain forest provides a wealth of natural remedies, some unique to the region, with documented medical value. Many of these remedies are still harvested by interior peoples.

The government of the United States acknowledges the contribution that outward foreign direct investment makes to the US Economy. US foreign direct investment is increasingly viewed as a complement or even a necessary component of trade. For example, roughly 60 percent of US exports are sold by American firms that have operations abroad. Recognizing the benefits that US outward investment brings to the US economy, the government of the United States undertakes initiatives such as Overseas Private Investment Corporation (OPIC) programs, investment treaty negotiations, and business facilitation programs that support US investors.

CHAPTER VI: Trade Regulations and Standards

Trade barriers, tariffs and import taxes

Suriname officially became a full member of the Caribbean Common Market, CARICOM, on July 4, 1995. Suriname eliminated tariffs on CARICOM products on January 1, 1996

and fully adheres to CARICOM's common external tariff regime (with most rates in the 5-25 percent range). CARICOM membership is increasing Suriname's regional economic activity. The Surinamese government regards CARICOM membership as an important stepping-stone toward a Free Trade Area of the Americas.

Import tariffs from non-CARICOM products range between zero and 40 percent. According to the Ministry of Trade and Industry officials, average import duties are between 30 and 40 percent. In addition, Suriname's complicated import/export licensing system, and extensive paperwork requirements create enough delays and frustration to be considered by some a form of trade barrier. The Surinamese government is drafting new tariff legislation that calls for a more liberal and transparent tariff regime.

Customs valuation

In July 1994, the Surinamese government adjusted the exchange rate at which imports are valued for customs purposes to a unified, set exchange rate. As of July 1999, the official exchange rate was SF 867 per USD.

Import licenses are currently required for all imports. The local importer secures the necessary import license(s) from the Ministry of Trade and Industry, Department of Business Licenses. Waiting time varies widely and approvals and denials follow no logical pattern. The government is attempting to liberalize the process and has announced its intention to lift import controls in September. Included in the government's draft investment code and tariff regime are provisions for establishing a "one-stop-shop" for licenses and permits. This draft has yet to be approved due to disagreement over which office or agency will have authority over the program.

Export controls

Suriname has minor export controls. A listing of goods that are prohibited for export is available from the Ministry of Trade and Industry. A number of products require export licenses that must be approved by the Ministry of Trade and Industry's department of business licenses.

Temporary entry

Temporary entry is not generally applicable in Suriname. With the exception of re-export of goods to Guyana and illegal smuggling to French Guyana, Suriname is not a

distribution point for shipping or air cargo. Nonetheless, temporary entry under bond can be arranged.

Labeling and marketing requirements

Products must be clearly labeled, with the content, weight, brand, and production date and expiration date of the product clearly visible. This can be done in English.

Prohibited imports

An obsolete trade law implemented during the military regime in the 1980's prohibited imports of hundreds of goods. According to the Ministry of Trade and Industry, this law has been discontinued.

Free trade zones

There are no free trade zones in Suriname.

Special import provisions

There are two special import taxes: the statistics duty, which is one-half percent of the product's value, and the consent duty, which is one and one-half percent of a product's value.

Membership in free trade arrangements

Suriname became a full member of CARICOM on July 4, 1995. Suriname is also a member of the Amazon Charter with Brazil, and the Association of Caribbean Producers. Suriname has also been actively pursuing bilateral economic arrangements with Colombia and Venezuela.

CHAPTER VII: Investment Climate

Openness to foreign investment

Ministers and other Surinamese government officials repeatedly voice their support for liberalization and economic reform. There is slow but steady progress being made in removing subsidies and liberalizing the economy.

International investors, observing this shift, have begun acting accordingly: investors from as far away as Canada, Australia, Indonesia, and Malaysia are visiting Suriname in increasing numbers. Suriname has responded by welcoming investment initiatives, and is slowly pressing forward toward a simplified, more transparent trade law, and investment law which provides for dispute settlements, and investment initiatives and national treatment.

Surinamese investment legislation, formulated in 1960, is now outdated. As a result, companies negotiate directly with the Surinamese government on concessions, licenses and hiring. Investors are dealt with by the appropriate ministries on an "ad hoc" basis. The process can be very slow, quixotic, and is not immune from patronage and favoritism. Land and natural resources are treated as patrimony of the state. A US company interested in natural resource exploitation in Suriname would normally be required to negotiate a joint venture and concession contract with the Surinamese government. The government would then seek approval from the National Assembly. There are several types of business structures, including sole proprietorship, publicly held corporations and joint ventures. Additional information is available from the Surinamese Chamber of Commerce or the US Embassy.

In general, foreign investors and exporters are expected to maintain a higher standard of good business practices than Surinamese firms do. While Surinamese companies might get away with bending the rules, foreign companies are generally held to the letter of the law and discovered infractions are widely publicized. Certain segments of Surinamese society retain a nationalistic suspicion of foreign investors (see page 32).

Conversion and transfer policies

After suffering for decades under an overvalued exchange rate, the bauxite sector convinced the government in 1994 to use the unified exchange rate for remittances by the bauxite companies for operating expenses. As the unified exchange rate splinters again into multiple rates, the bauxite companies, and most other local businesses, are suffering from the disparity between the official rate and the rate at which foreign exchange is actually available.

After suffering a foreign currency deficit for many years, the Central Bank of Suriname attempted to build up foreign currency reserves in the latter half of 1994 and early 1995 by purchasing gold from small prospectors in local currency. The Central Bank is still offsetting the

increase of local currency in the economy by purchasing gold with dollars. However, foreign exchange reserves have been largely eroded over the last year as import consumption increases and export revenues suffer in light of depressed international commodity prices. The Central Bank of Suriname is the legal supplier of the foreign exchange market, and, based on the central bank's ability to meet demand, foreign-exchange shortages or delay can occur. In addition, the underdeveloped banking sector lacks a number of international financial services.

Expropriation and compensation

The Embassy is unaware of any cases of expropriation in Suriname.

Dispute settlement

There have been no major investment disputes since 1990. The Surinamese government has agreed to include international arbitration under ICSID rules in its most recent agreements with new investors. Although Suriname is a member of ICSID and other international agreements regarding investment dispute settlements, the Embassy knows of no instance in which an investor appealed to these mechanisms to resolve a dispute.

Political violence

Areas outside Paramaribo were unsafe during the 1986-92 insurgency. Since 1992, the government has made some progress in re-exerting legal authority in the interior. In the spring of 1994, a dam belonging to Suralco, a bauxite company, was occupied and hostages held, but the military retook the dam within three days without a single casualty. Even in this extreme case, the terrorists who took over the dam were careful not to interrupt the operations of the bauxite refinery, which is dependent upon electricity from the dam. While urban crime is on the rise, and incidences of banditry and armed robbery occur in the interior, foreign investors or investments have not been specifically targeted. Though no political violence was reported during street actions in May 1999, isolated incidents of political violence cannot be completely ruled out. The likelihood that such actions would target foreign investments is small.

Performance requirements/incentives

Although the Surinamese government provides investment incentives to domestic investors, including long-term land leases, factory space, preferential credit and tax

holidays, little use has been made of the incentives. Current practice is for foreign investors to negotiate unique investment-incentive packages agreeable to the government and/or local partners. The proposed investment law includes incentives for foreign investors, including a ten-year tax holiday.

Right to private ownership and establishment

The law accords property ownership as a basic right in Suriname, reserved only for Surinamese citizens, and guaranteed by the constitution, but in practice there are few property owners. Generally, land and natural resources are considered the patrimony of the state, which grants leases of varying duration to private enterprises.

Protection of property rights.

Surinamese law provides for the right of an individual or company to hold land, buildings and equipment. Settlement of ownership disputes or damage to property, buildings or equipment can be an extremely long process in the undermanned, overworked, legal system. Companies working natural resource concessions in the interior have had to deal with protests by native peoples asserting their historical land rights. Potential natural resource investors should get detailed descriptions of their concession areas, and devote attention to the impact their proposed activities will have upon inhabitants in these areas.

Regulatory system

Information on laws and procedures can be obtained from the Ministry of Trade and Industry or the Surinamese Chamber of Commerce.

Bilateral investment agreements (BIT)

None though there has been recent talk of pursuing a BIT with the US.

OPIC and other investment insurance programs

On February 20, 1996 the Surinamese government informed the American Embassy that it had taken the necessary steps to bring the investment incentive agreement (OPIC), signed in May 1993, into force. This agreement guarantees reciprocal insurance of business investments between the US and

Suriname. OPIC also provides business information and counseling services for US companies. OPIC has not engaged in any significant activity in Suriname due to the Export-Import Bank's off-cover position. This stems from outstanding payments on previous commodity loans still owed by the Surinamese government. The Surinamese government has recently expressed interest in working towards repaying these loans.

Labor

Of Suriname's 100,000 strong labor force, roughly half is employed in the public sector. The labor force is generally well educated (literacy over 90 percent). However, Suriname has suffered from "brain drain" since independence in 1975, exacerbated in the early 1980's due to a military coup. A decline in purchasing power, in 1993 and 1994, resulted in a further loss of skilled workers. The primary impact has been on managerial capacity. The "brain drain" could continue given the large under-30 population, and the limited opportunities for gainful employment.

In addition to the official language, Dutch, most middle-class Surinamers are proficient in English. Suriname has a large pool of clerical and maintenance workers. Low government salaries are encouraging many well-educated civil servants to seek employment with private firms. The government is also planning to decrease the size of the civil service apparatus as part of its structural adjustment program.

Union membership is strong, and unions play a big role in determining salary levels. In general, the government favors workers over employers. The employee is safeguarded by labor legislation, which has been in force since 1947 with only minor changes. However, most unions recognize the need to cooperate with employers to further investment, development and worker prosperity.

Capital outflow policy

There are restrictions on the amount of foreign currency that may leave Suriname. Transferring more than USD 10,000 of foreign currency out of Suriname requires permission from the following sources: for Surinamers, the Department of Currency Control, Ministry of Finance; and for

foreigners, the Foreign Exchange Commission, Central Bank of Suriname.

Major foreign investors

The following are known foreign investors: Alcoa has major bauxite mining and refining operations (Suralco) in Suriname since 1917. Billiton, a subsidiary of Gencor, operates open pit bauxite mines. Golden Star, a Canadian company, is currently exploiting a gold mining concession. Esso, Texaco, and Royal Dutch Shell both own and franchise gas stations and provide fuel and related products. IBM is a major supplier of copy machines and office equipment. Sujafi, a Japanese shrimp firm, is active in shrimp fishing and processing for export to the Japanese market.

CHAPTER VIII: Trade and Project Financing

Banking system

Suriname's banking system consists of three major commercial banks, ABN-AMRO (a Dutch bank), De Surinaamsche Bank (largely owned by ABN-AMRO) and Hakrinbank. There are also two smaller local banks, the Volkscredietbank and the

Landbouwbank. All of these banks have correspondent arrangements with US banks. In addition, there are a number of foreign-exchange offices.

Foreign exchange controls affecting trading

The Central Bank of Suriname is the legal supplier of the foreign exchange market. Therefore, the market remains vulnerable to shortages or delays in securing foreign exchange based on the Central Bank's ability to meet demand.

General financing availability

In the past, the capital market has not been very efficient, due to the depreciation of the Surinamese Guilder, and the inability of companies to secure needed foreign exchange via the banking system. With the stabilization of the guilder in July 1995, a more efficient capital market emerged, although foreign currency supply still depends on the Central Bank's willingness to intervene in the capital market. The government hopes to broaden the capital market by expanding the stock market.

How to finance exports/methods of payment

Exporters should make sure that the hard currency to pay for goods is available prior to shipment. This would normally require cash prepayment or a confirmed, irrevocable, letter of credit from a US Bank.

Export financing and insurance

Suriname does not currently qualify for export financing by the US Export-import bank. Local trade financing is unavailable for non-residents. Surinamese importers can obtain financing only if they have a legal representative and if their company (a public Limited-liability Company or NV) is registered with the Surinamese Chamber of Commerce.

Foreigners can get commercial loans in Surinamese guilders through banks if their company is registered with the Surinamese Chamber of Commerce. Current commercial interest rates are approximately 38 percent.

Project financing

Development projects are mainly financed by the Dutch government and the European Union. Most of these tenders are limited to European suppliers and contractors.

Banks with correspondent US banking arrangements:

de Surinaamsche Bank NV
Gravenstraat 26
Paramaribo, Suriname
(597) 471-100
(597) 411-750 fax

ABN-AMRO
Kerkplein 1
Paramaribo, Suriname
(597) 471-555
(597) 411-325 fax

Hakrinbank NV
Dr. Sophie Redmondstraat 11-13
Paramaribo, Suriname
(597) 477-722
(597) 472-066 fax

Landbouwbank NV
Mr. Lim a Postraat 28-30
Paramaribo, Suriname
(597) 475-945
(597) 411-965 fax

Surinaamse Volkscredietbank
Waterkant 104
Paramaribo, Suriname
(597) 472-616
(597) 473-257 fax

CHAPTER IX: Business Travel

Business customs

Business customs in Suriname do not differ significantly from those in the US, although the pace can be a great deal more leisurely. Most businesses are open from about 8 a.m. To 4 p.m., Monday through Friday. Government offices generally are open from 7 a.m. to 2:30 p.m. Meetings with government officials are best arranged in the morning.

Business entertainment largely takes place at dinners and cocktail parties. Business lunches do take place, but not on the same scale as in the US. Working breakfasts are rare. Business suits are worn, but due to the tropical climate, casual clothing is acceptable at most business meetings (except those with senior government officials). Surinamers prefer establishing a comfortable working relationship first, as opposed to directly tackling business. Given the consensual nature of the Surinamese government, there is often a lengthy consultation process before a decision is reached. Suriname is one hour ahead of eastern daylight time (two hours ahead of standard). Driving is on the left-hand side of the road.

Travel advisory and visas

A passport and a visa are required for entry into the Republic of Suriname. Visas may be obtained at the following Surinamese diplomatic and consular missions:

4301 Connecticut Ave., NW, suit 108
Washington D.C. 20008

7235 NW 19th Street, Suite A
Miami, FL (tourist visa only)

Travelers to Suriname's interior must note that there is insufficient police authority over much of the interior to offer assistance in an emergency. Unaccompanied travel to the interior is still not common due to a previously high incidence of robberies and assaults during the Interior War, 1987-92. Isolated acts of violence, particularly in, but not limited to, the interior, may occur. Travelers to remote areas of the interior of Suriname should be aware that they might encounter difficulties because of the lack of government authority throughout the interior and inadequate medical facilities in some areas. The ability of the US Embassy to assist in an emergency situation may be hampered by limited transportation and communications in some areas.

The rate of violent crime has increased although still lower than most other countries in the region. Burglary and armed robbery are increasingly common in Paramaribo as well as in the outlying areas. Banditry occurs along routes in the interior where police protection is inadequate. Visitors may wish to exercise caution when traveling to the interior without an organized tour group and secure their belongings carefully while staying in Paramaribo.

Holidays

| | |
|--------------------|------------------|
| January 1 | New Year's Day |
| March 13 (approx.) | Holi phagwa |
| March 27 (approx.) | Id ul Fitre |
| March-April | Good Friday |
| March-April | Easter Monday |
| May 1 | Labor Day |
| July 1 | Emancipation Day |
| November 25 | Independence Day |
| December 25 | Christmas |

Business infrastructure

Airlines

Suriname Airways (SLM), in conjunction with Air Aruba and ALM, operates service from Miami via Curacao. SLM also flies to Port of Spain, Georgetown, Barbados, Curacao, Cayenne and Belem, where connections can be made with other airlines. Travelers to Suriname may experience disruptions in travel plans because of the unreliability of scheduled air service, both in international and interior flights. International flights are often overbooked and interior flights are often delayed, sometimes for days, because of mechanical difficulties, fuel shortages, and runway conditions.

Language

Dutch is the official language of Suriname, but English is spoken by almost all likely business contacts.

Communications

Telephone and fax connections with the United States are good. Suriname is part of AT&T's world connect service and USA direct. In addition, a number of callback companies have recently been established in Suriname. Internet access is possible via the state Telephone Company, Telesur, as well as through a private company.

Credit cards

Credit cards are rarely accepted, except at the two largest hotels. In 1998, the largest commercial banks began offering VISA and Mastercard services. Still, business travelers are advised to bring traveler's checks or cash for expenses.

Hotels

Business travelers usually stay in one of two hotels in Paramaribo, the Hotel Torarica (Tel (597) 471-500, fax (597) 411-682) or the Hotel Krasnapolsky (Tel (597) 475-050). At the Torarica, payment may be made by travelers check, cash, Mastercard, or Diner's Club Card. Other credit cards are not accepted. More informal accommodations are provided by METS (Movement for Eco-Tourism in Suriname), a major tour company offering guesthouses in Paramaribo as well as in the different districts. This company also offers eco-tourism tours to the interior.

Medical care

Medical care is limited and does not meet US standards. Malaria and other endemic tropical diseases occur more frequently outside Paramaribo. Overnight trips to certain sections of the interior require the use of malaria suppressants. Doctors and hospitals expect large, immediate, cash payments for access to health services. Americans visiting Suriname who are injured or become ill during their visit will not be admitted to the only hospital with emergency and intensive care facilities unless they pay an advance deposit (payable only in US Dollars) or provide proof of adequate insurance coverage in a form acceptable to the hospital. Business travelers should consult their health insurance company for information about reimbursement for medical expenses incurred outside the US.

Food and water

While water is generally potable in Paramaribo, visitors may wish to drink only bottled or boiled water to be on the safe side. Food in major hotels and leading restaurants is safe.

CHAPTER X: Appendices

Appendix A: Country Data - (Estimates)

| | 1995 | 1996 | 1997 | 1998 |
|-------------------------------|---------|---------|---------|---------|
| Population | 408,000 | 411,000 | 415,000 | 418,000 |
| Pop. Growth rate (percent) | 0.8 | | | |

Religion(s)

Suriname's religions reflect its varied ethnic makeup. The leading Christian denominations include Roman Catholics, Moravians, Lutherans, Dutch Reformed, and a variety of Protestant Evangelical groups. There is a substantial Hindu population and a large Moslem Community. Suriname also has a small Jewish community and practitioners of a variety of traditional religions, mostly in the interior. Religious tolerance between groups is excellent.

Government system

Suriname is an independent, democratic state. The National Assembly is elected by popular vote based on the Dutch Electoral system and the President is elected by the National Assembly, or failing consensus, by the People's Assembly, which is composed of the National Assembly and local and district councils. There is an independent judiciary.

Languages

The official language is Dutch. A Creole language, Sranan Tongo, is widely used. In addition, versions of Hindi and Javanese are spoken within their respective ethnic groups. Tribal languages predominate the interior, and French is understood on the eastern border. English is spoken by most educated people.

Work week

Monday-Friday, 7 a.m. - 2:30 p.m. for government workers and 8 a.m. - 4 p.m. for the private sector.

U.S. Business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Tel. (202) 512-1800; Fax (202) 512-2250. Business travelers to Suriname seeking appointments with U.S. Embassy Paramaribo officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at 477836, ext. 241; fax at 425690, or email at bainathsahj@paramaribc.us-state.gov.

Appendix B: Domestic Economy

| | 1995 | 1996 | 1997 | 1998 (est.) |
|---|---------|-------|--------|----------------|
| 1. GDP (million USD) | 507.4 | 659.9 | 777.7 | 1,100.0 |
| 2. GDP per capita (USD) | 1,244 | 1,606 | 1,874 | 2,632 |
| 3. Government spending As percent of GNP | 33 41.8 | 40.1 | 41.2 | |
| 4. Inflation (percent) | 62 | (2) | 18.5 | 19 |
| 5. Unemployment (percent) | 30 30 | 25 | 19 | |
| 6. Foreign exchange Reserves (million USD) | 103.7 | 135 | 137 | 139.9 |
| 7. Average exchange rate Per 1 USD | | | | |
| Official | 451 406 | 406 | 867* | |
| Parallel | 499 424 | 450 | 1350* | |
| 8. US Economic Assistance (Thousand USD) | | | | |
| Agriculture (pl480)(a) | 5,000 | 5,500 | 0 | 0 |
| Military (b) | 5.4 | 75.4 | 50.582 | |

Appendix C: Trade

| | 1995 | 1996 | 1997 | 1998 (est.) |
|------------------------------------|-------|-------|-------|----------------|
| 9. Total exports (Million USD) | 415.6 | 457.7 | 699.9 | 432 |
| 10. Total imports (Million USD) | 306.1 | 415.5 | 597.6 | 501 |

11. Principal US Exports (Million USD)

| | | | | |
|----------------------------|-------|-------|--------|-------|
| Total All Commodities | 189.7 | 222.5 | 184.4 | 129.9 |
| 2815 Sodium Hydroxide | .394 | 28.6 | 14.4 | 22.9 |
| 8802 Aircraft, powered | .2 | 0 | 16 | |
| 9880 Est. Low Value Shp. | 13.1 | 15.2 | 12.9 | 13.1 |
| 8703 Motor cars & Vehicles | 2.8 | 6.5 | 5.53.3 | |
| 0207 Meat & Ed Offal | 1.2 | 3.1 | 5.67.4 | |

12. Principal US Imports (Million USD)

| | | | | |
|-----------------------|-------|------|------|-------|
| Total All Commodities | 100.2 | 96.6 | 84.2 | 106.1 |
| 2818 Alumna | 26.0 | 52.7 | 66.6 | 8.7 |
| 7108 Gold | .7 | 8.5 | .7 | .5 |
| 9801 Repaired Imports | 3.9 | 5.6 | .4 | .6 |

| | | | | | |
|------|------------|-----|-----|-----|-----|
| 0302 | Fresh Fish | 3.3 | 2.5 | 2.9 | 4.3 |
|------|------------|-----|-----|-----|-----|

* 1999 Figure

Appendix D: n/a

Appendix E: US and Country Contacts

American Embassy Paramaribo
Commercial Officer
C/O US Department of State
Washington D.C. 20521-3390
Tel: (597) 472-900
Fax: (597) 420-800

US Department of Agriculture
Foreign Agricultural Service
Trade Assistance and Promotion Office
Tel: (202) 720-7420

Surinamese Trade and Industry Association
Marcel Meyer, Chairman
Prins Hendrikstraat 18
PO Box 111
Paramaribo, Suriname
Tel: (597) 475-286
Fax: (597) 472-287

Surinamese Manufacturers' Association
John Wijdenbosch, Chairman
Dominestraat 33
Paramaribo, Suriname
Tel: (597) 476-585
Fax: (597) 421-160

Surinamese Chamber of Commerce
Robert L.A. Ameeralli, Chairman
Mr. Dr. J.C. de Mirandastraat 10
Paramaribo, Suriname
Tel: (597) 499-038; Fax: (597) 474-779

Appendix F: n/a

Appendix G: Trade Event Schedule

There are two annual trade fairs of significance. ITIFAS, a showcase for Surinamese Producers held in October and Suri Flora in April, which specializes in horticultural/agricultural producers and suppliers. Both trade shows welcome participation from outside firms. Companies interested in these trade shows should contact the Embassy or Mr. Robert Ameeralli, President of the Surinamese Chamber

of Commerce (Tel: (597) 464-536, fax: (597) 474-779) for further information.

Sources

- 1,2,3,4: GOS Bureau of Statistics, 1999: IMF
5: Ministry of Labor, GOS Bureau of Statistics
6: Central Bank of Suriname, 1999: IMF
7: Embassy estimates
8: US Embassy
 a) PL480 aid consisted of export credit financing for purchase of US Agricultural Commodities
 b) Military aid consisted of humanitarian training programs, and in 1995, a donation of excess medical supplies.
9,10:1995/1996:IDB, 1997:GOS Bureau of Statistics, 1999: IMF
11,12: US Department of Commerce, 1999:GOS Customs